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Livestock and Products

Annual Report

2005

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Report Highlights: The continued lack of U.S. and Canadian beef will extend the supply deficit in Japan's beef market into 2006. Despite efforts made by Australia to boost their supplies of grain fed beef, acute shortage of specific cuts remains – especially those needed for beef bowls and yakiniku. The beef SG will remain a major trade concern in 2006. After an expanding market with high pork consumption and import levels, the situation is forecast to cool in 2005 – 2006 with less chances of triggering the pork safeguard in JFY 2006.

Includes PSD Changes: Yes
Includes Trade Matrix: No
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NOTES:

As was done in the last semiannual JA 5002, post continues to assume no beef imports from U.S. in its forecast for the Japanese livestock market outlook for CY 2005 and CY 2006. Revisions will be made as developments warrant.

Please note that PS&D tables were prepared based on revised guidance for the 2004 annual report (JA 4073), which incorporates imports of prepared and processed beef and pork products into the total imports and the consumption figures.

The conversion factors from Product Weight Equivalent (PWE) to Carcass Weight Equivalent (CWE) are:

- Beef and Pork (Generic): 1.43 (1/0.7)
- Prepared and Processed Beef Products: 1.79 (1/056)
- Prepared and Processed Pork Products: 1.43 (1/0.7)

Unless specified, volumes described in the text are on a CWE basis as PS&D tables.

Import quantities referenced in discussions of the beef and pork safeguards refer to customs clearance figures as announced by the Government of Japan (GOJ). The safeguard (SG) is monitored and implemented based on the Japanese fiscal year (JFY), which starts April and ends March next year. Other discussions are all based on calendar year (CY) unless it is specified in the text.

Beef Section

2006 Beef Market Outlook

Deficit Beef Supply to Continue in 2006

Assuming no U.S. or Canadian beef imports will mean that many Japanese food businesses will continue to face a supply deficit in 2006, high market prices and constrained alternatives due to non-availability of grain fed cuts. Despite Australia and New Zealand's efforts since 2004 to fill the gap by boosting exports, the market is still in a supply deficit due to the lack of specific cuts and quality of meat that has traditionally supplied by the U.S. and Canada.

Return of U.S. and Canadian Beef Essential to Make up the Supply Deficit

Japanese total beef supply (PS&D) in 2004 dropped 14% from a year before to 1.268 million MT following the December 24, 2003 ban on U.S. beef due to a finding of BSE case in the U.S. Total imports (beef and the prepared and processed beef products combined) in 2004 plunged 24% at 645,000 MT. Australia and New Zealand were only partially able to make up the deficit by their increased beef supplies in 2005 and 2006. Post projected the total beef supply deficit in Japan 14% below at 1,311 million MT in 2005 and 10% below at 1,335 in 2006 when compared to 2003 level. Though increases in the total imports are forecast on a year to year basis, the levels, when compared to 2003 (not with 2004), are still projected 15% below at 721,000 MT in 2005 and 12% below at 750,000 MT in 2006. Almost the entire quantity will be supplied by Australia and New Zealand. Increased trade has been supported through substantial business ties and investments in feedlots and meat packing business between Japan and Oceania over the past several decades, particularly in filling the short market for grain fed beef.

According to Meat Livestock Australia (MLA) statistics, Australia boosted their grain fed beef exports (chilled and frozen combined) to Japan for January – July 2005 by 22 % at 113,561 MT (PWE) on board vessel basis. This accounted for a 46% share of total shipments and a 5% share increase compared to the previous year (See table 4).

Japanese Trade Keen to Get Specific Grain Fed Cuts

However, there is no significant increase in total beef imports in 2006 forecast in this report since Australia and New Zealand alone will likely have difficulty in boosting their export volume any further unless Australia finds a way to sustain the high number of cattle in feedlots though 2006. Trade sources point out that Australia's practice of full-set based trade (boneless) with Japan may become a constraint for Japanese importers due to the development of a surplus in 2005 for some less popular cuts such as round. The surplus may also begin to affect the domestic market in 2006 as round cuts are unpopular among consumers whose general preference runs to cuts such as chuck, short plate, short rib, and loins.

These surpluses show that one of the US beef industry's strongest marketing advantages was the ability to provide large quantities of specific grain fed cuts to meet the particular market preferences of Japan. This market is expected to remain important once US beef trade resumes based on comments from importers who have expressed interested in buying specific grain fed cuts from U.S., rather than a full set or a semi-full set (a set without round cuts) once the trade resumes.

Domestic Beef Production Forecast to Decline in 2005 - 2006

Japanese cattle inventories are expected to continue their gradual, but continuous decline allowing for a slow increase of imports in the future (See table 8). Also, reduced number of calves bone in 2004 – 2005, particularly dairy calves (Holstein steers, and F1 cross breed steers and heifers) will likely lower the total slaughter for beef in CY 2005, CY 2006 (See table 8).

2006 Import Demand Hinges on Import Resumption of U.S. and Canadian Beef

Specific import restrictions for US beef will not be known until after the Food Safety Commission review is completed. However, it is expected that the demand for US beef, once imports are resumed, will be dependent on the following measures: 1) Cut off age (20 months or younger) under the Export Verification program (EV), 2) Lifting import ban by other Asian countries, and 3) Possibility of beef safeguard (SG) plus the foreign exchange situation.

1) The strict cut-off age limitation under the EV raises questions as to the volume, cuts, quality (choice or select), and price of US meat. The U.S. meat industry and Japanese importers are currently discussing this issue among themselves as they seek a solution to bring the specific cuts currently in demand to the Japanese market.

2) Other Asian Countries, like Korea and Taiwan, are expected to follow Japan's example and reopen their market for U.S. beef. This will increase competition for some of the more popular cuts in Japan such as short plate and boneless short rib for barbecue and may ultimately create pressure to increase international beef prices.

3) Low trigger levels for the beef safeguard (SG) during JFY 2006 (06 April – 07 March) are of major concerns among the trade. These levels reflect substantially lower imports during the first quarter of JFY 2005 primarily due to the continued ban on U.S. beef. The first

quarter trigger levels for JFY 2006 (April – June) are preliminary calculated at 69,726 MT for chilled beef and 70,716 MT for frozen beef (Note figures are customs clearance basis) (See table 1). These projected levels are roughly 30% below JFY 2002 first quarter levels.

Assuming that U.S. and Canadian beef are being imported, there is a good chance that total beef imports (generic) for 06 April – June will exceed the trigger levels resulting the SG from August 1, 2006 for both chilled and frozen beef though March 31, 2007. An artificial tariff hike from 38.5% to 50% (bound duty), if imposed, will likely hamper the recovery of beef consumption and hurt the retail and food service sectors as well as consumers. Concerned parties among the domestic meat sector and key beef exporting countries are expected to work together to argue that the safeguard system should be adjusted to take into account the unusual nature of this market situation.

Note: Trigger levels are calculated separately for chilled and frozen beef on a quarterly basis and equal to 117% of the respective import levels of the previous year (i.e. 1.17 x the previous years imports). Imports are cumulative for each successive quarter during the Japanese fiscal year – i.e. Q1/05 + Q2/05 are compared to Q1/06 + Q2/06, etc.]

Finally, it will be challenging for the U.S. to gain its lost market share back from Australia once the trade resumes. As reported in JA 5002, prior to Japan's import ban, U.S. beef (mostly specific cuts of grain fed beef such as short plate, boneless short lib, chuck lib and other barbecue items suitable for beef bowl and barbecue dishes) represented about one-third of Japan's total annual beef consumption, and nearly half of Japan's total beef imports. The main competition was with Australia who supplied roughly an equal amount of meat (mainly as full sets). It is expected that PR campaigns and consumer education will be important to regaining the lost market but price and cut availability will also be key factors.

Table 1. Japanese Beef Safeguard Monitor

Beef Safeguard Trigger Levels and Actual Imports in JFY 2005 (05 April – 06 March)					
					Unit: Metric Ton (Customs Clearance Basis)
Chilled Beef	Trigger Level	Cum. Total	April	May	June
	Quarterly Cum.	Actual Entry			
I (Apr. - Jun.)	61,468	59,595	20,454	23,093	16,048
			July	August	September
I - II (Apr. - Sept.)	128,217				
			October	November	December
II - III (Apr. - Dec.)	196,669				
			January	February	March
III - IV (Apr. - Mar.)	258,145				
Frozen Beef	Trigger Level	Cum. Total	April	May	June
	Quarterly Cum.	Actual Entry			
I (Apr. - Jun.)	64,859	60,441	25,262	24,955	10,224
			July	August	September

I - II (Apr. - Sept.)	141,042				
			October	November	December
II - III (Apr. - Dec.)	202,817				
			January	February	March
III - IV (Apr. - Mar.)	267,067				
Source: Ministry of Finance (ALIC Monthly)					

2005 Situation Update and Outlook

Revised cattle and beef PS&D figures for CY 2005 are constructed based on preliminary production, trade and stock data for January – June 2005. Two key developments occurred during the period are worth noting, as they will likely affect post's next forecasts for this year and next year.

Import Resumption Pending on FSC's On-going Review

The Japanese Food Safety Commission (FSC), an independent body directly under the Prime Minister's Office, began a review in May of the proposed Beef Export Verification Program (EV) negotiated between GOJ and USG based on the October 2003 Shared Understanding. The FSC is also concurrently reviewing a similar proposal for Canadian beef. The previous import protocol between the U.S. and Japan will have to be reviewed pending publication of the FSC's final report, which can be done during the 30-day public comment period. Once this is completed, the GOJ is expected to need approximately 2 to 3 weeks to finalize the changes in regulations as well as to have a series of risk communication meetings to explain their decision. Imports of US beef would then be allowed, assuming these steps go as planned.

Beef SG Remains to be A Major Trade Concern

2) The JFY 2005 first quarter beef safeguard (April – June) was avoided owing to voluntary efforts made by meat importers to delay customs clearance until July of shipments that arrived in June. As a result, April – June quarterly imports of chilled beef and frozen beef did not exceed the trigger level (See table 1). Due to relatively low trigger levels for each quarter during JFY 2005 (05 April – 06 March), the triggering of the SG remains a strong possibility throughout the remainder of the Japanese fiscal year. Although this report assumes no US beef imports for 2005, the margins for the SG in the third quarter (05 April – 05 December) of JFY 2005 are close enough that any increase in import trends could trigger the SG. The resulting beef tariff hike, from 38.5% to 50%, will no doubt slow down prospective imports in the rest of JFY 2005, which ends March 2006.

Total Beef Consumption and Imports Bouncing Back in 2005

The supply deficit continues to be the main problem for the Japanese beef market in 2005. After the plunge in 2004, total domestic beef consumption (PS&D) started bouncing back in 2005 and is projected to increase by 4% from last year's level to 1.221 million MT, mainly reflecting increased imports. During the first half of 2005, despite high market prices, a modest increase was witnessed in the household sector partly helped by increased availability and sales of Aussie chilled grain fed cuts. However, there has been some sluggishness reported in the food service and prepared food businesses due to the lack of availability of specific cuts and high prices (See table 2).

Total beef imports, including prepared and processed products, for the year are forecast to recover, up by 12% from a year ago to 721,000 MT (up 11% for beef at 685,000 and up 29% for prepared and processed products at 36,000 MT). (See table 6-a, 6-b and 6-c and 7-a and 7-b). Of the above beef total, projected shares by country are 90% for Australia and 9% for New Zealand. Of the prepared and processed products category, the two major suppliers are China and Australia with China projected to nearly double the volume at 10,000 MT.

Sharp Wholesale Beef Price Rise Begins Cooling Down in 2005

Market prices, particularly at the wholesale level, soared in 2004, but appeared to have begun cooling down after reaching a peak during the first half of 2005 (See table 3-b and 3-c). The average price of representative imported cuts, for Aussie full set/short grain fed (chilled, boneless) was 5% lower at 855 yen per kilogram for the first half 2005 compared to the same period last year, while the price for full set/grass fed (chilled) was also 4% lower at 722 yen per kilogram. Prices for Australian grass fed trimmings (frozen – mainly for hamburger paddies), which are used for grounded beef, rose 2% to 434 yen per kilogram.

On the retail front, prices continue to rise. Retail beef prices have remained high for the first half with domestic cuts such as sirloin (from dairy breed) reaching a record high price of over 700 yen ($6.36) per 100 grams. In comparison, Aussie chilled sirloin (grain fed) is sold at about 400 yen ($3.63) per 100 grams at retail. The average consumer are being forced to either less expensive cuts or eat beef less frequently.

Australia Boosting Grain-fed Beef Exports to Japan

MLA data shows Australia boosted their chilled beef exports to Japan for the first seven months - 24% at 88,314 MT for grain fed (mostly short fed) and up 9% for grass fed at 51,396 MT on board vessel basis compared to the same period last year. For frozen beef category, their exports were up 17% for grain fed at 28,247 MT and down 4% for grass fed at 83,134 MT (See table 4). Industry press reports that the number of cattle raised in feedlots in Australia in the end of June 2005 increased 24% from a year before to 879,000 heads suggesting Australia will maintain its current level of grain fed beef for exports though 2005, partly owing to strong import demand for grain fed beef from Japan and other Asian countries.

That said, Japanese traders are concerned about limited availability of specific grain fed cuts suitable for beef bowl and barbecue. Restaurants featuring offal variety meat (including tongues, intestines, hanging tender, skirt meat etc.) and short plate and short rib continue to suffer financially with many going out of business. Prior to the import ban, the U.S. was the major supplier of offal and variety meat to Japan, which paid premium prices for traditionally low-demand product. The Japanese trade is currently very interested in the type and volume of cuts that will be available once Japan resumes imports of U.S. and Canadian beef under the EV program.

Domestic Cattle Slaughter to Decline in 2005

Domestic beef production in 2005 is forecast to decline by 3% to 500,000 MT, reflecting lower slaughter numbers in dairy breed beef cattle, including of F1 cross breed (Wagyu and Holstein cross) offsetting a slightly higher slaughter of Wagyu steers. Average wholesale prices for medium grade carcasses (beef and dairy breeds), which soared in 2004, generally began to calm down in the first half of 2005 (See table 3-a). However, average auction prices for the feeder calf market, which showed good increases in previous years, are expected to remain high, partly due to the limited supply relative to the demand (See table 9). As a result, the combination of weakening carcass prices and still high calf prices can be expected to squeeze the profitability of feedlot operators who are ready to market the high priced calves they bought in 2003 – 2005. The return of U.S. and Canadian beef to the market will likely have some cooling effects on Japan's high feeder calve prices, particularly on dairy breed.

Table 2. Japanese Monthly Household Consumption of Beef, Pork and Chicken

						Unit: Grams per Household
	Beef	% Chg.	Pork	% Chg.	Chicken	% Chg.
2004						
Jan.	525	-14%	1,389	6%	850	-7%
Feb.	520	-17%	1,447	11%	794	-14%
Mar.	611	-10%	1,511	9%	776	-19%
Apr.	573	-15%	1,427	3%	862	-10%
May	618	-14%	1,458	5%	939	-4%
Jun.	587	-18%	1,463	8%	884	-2%
July	593	-9%	1,403	4%	795	-11%
Aug.	663	-12%	1,443	7%	889	1%
Sept.	535	-13%	1,353	2%	924	6%
Oct.	599	-8%	1,499	8%	1,020	2%
Nov.	555	-12%	1,448	3%	973	-6%
Dec.	743	-6%	1,497	1%	1,235	-5%
2005						
Jan.	575	10%	1,412	2%	939	11%
Feb.	537	3%	1,375	-5%	927	17%
Mar.	602	-1%	1,453	-4%	980	26%
Apr.	579	1%	1,435	1%	943	9%
May	651	5%	1,455	0%	1,004	7%
Jun.	548	-7%	1,396	-5%	873	-1%
Source: Meat and Livestock Daily, August 8 Issue						

Table 3-a. Quarterly Average Wholesale Price Domestic Beef Carcass

Selected Medium Grade					
					Unit: Yen per Kilogram
WAGYU STEER A-3 GRADE					
Year/Month	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2002	887	1,208	1,505	1,724	1,331
2003	1,664	1,668	1,728	1,789	1,712
%chg	88%	38%	15%	4%	29%
2004	1,740	1,875	1,897	1,953	1,866

%chg	5%	12%	10%	9%	9%
2005	1,949	1,943	0	0	973
%chg	12%	4%	-100%	-100%	-48%
WAGYU STEER A-2 GRADE					
Year/Month	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2002	531	964	1,303	1,423	1,055
2003	1,380	1,403	1,476	1,518	1,444
%chg	160%	46%	13%	7%	37%
2004	1,550	1,660	1,700	1,735	1,661
%chg	12%	18%	15%	14%	15%
2005	1,730	1,718	0	0	862
%chg	12%	3%	-100%	-100%	-48%
Holstein Steer B-2 Grade					
Year/Month	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2002	166	325	515	671	420
2003	500	518	561	671	562
%chg	201%	59%	9%	-0%	34%
2004	789	836	770	784	795
%chg	58%	61%	37%	17%	41%
2005	828	837	0	0	416
%chg	5%	0%	-100%	-100%	-48%
F1 Cross Breed Steer B-3 GRADE					
Year/Month	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2002	453	737	1,148	1,330	917
2003	1,252	1,235	1,276	1,298	1,265
%chg	177%	67%	11%	-2%	38%
2004	1,316	1,356	1,407	1,458	1,360
%chg	5%	10%	10%	12%	7%
2005	1,494	1,496	0	0	739
%chg	14%	10%	-100%	-100%	-46%
F1 Cross Breed Steer B-2 GRADE					
Year/Month	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2002	304	579	947	1,056	722
2003	922	909	966	999	949
%chg	203%	57%	2%	-5%	32%
2004	1,016	1,212	1,248	1,261	1,184
%chg	10%	33%	29%	26%	25%

2005	1,292	1,347	0	0	660
%chg	27%	11%	-100%	-100%	-44%
Source: MAFF					

Table 3-b. Quarterly Average Wholesale Prices of Imported Beef (Chilled Cuts)

Selected Cuts, Chilled, Aussie Beef					
					Yen per Kilogram
Full Set (Short Grain Fed)					
Year/Month	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2002	601	597	589	658	611
2003	669	700	753	821	736
%chg	11%	17%	28%	25%	20%
2004	920	869	835	864	872
%chg	38%	24%	11%	5%	18%
2005	877	832			
%chg	-5%	-4%			
Full Set, (Grass Fed)					
Year/Month	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2002	563	510	489	602	541
2003	631	615	643	725	654
%chg	12%	21%	31%	20%	21%
2004	773	733	699	748	738
%chg	22%	19%	9%	3%	13%
2005	771	672			
%chg	-0%	-8%			
Navel-end Brisket					
Year/Month	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2002	413	363	357	431	391
2003	432	446	509	621	502
%chg	5%	23%	42%	44%	28%
2004	759	958	737	712	792
%chg	76%	115%	45%	15%	58%
2005	769	715			
%chg	1%	-25%			
Strip Loin					
Year/Month	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2002	1,018	786	993	973	943

2003	1,032	1,108	1,042	1,103	1,071
%chg	1%	41%	5%	13%	14%
2004	1,289	1,177	1,185	1,245	1,224
%chg	25%	6%	14%	13%	14%
2005	1,328	1,118			
%chg	3%	-5%			
Source: ALIC Monthly					

Table 3-c. Quarterly Average Wholesale Price of Imported Beef (Frozen Cuts)

Selected Cuts, Frozen, Aussie					
					Yen per Kilogram
Chuck & Blade					
Year/Month	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2002	416	411	370	412	402
2003	419	405	425	450	425
%chg	1%	-1%	15%	9%	6%
2004	520	517	552	584	543
%chg	24%	27%	30%	30%	28%
2005	562	495			
%chg	8%	-4%			
Top Side					
Year/Month	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2002	482	483	478	484	481
2003	503	501	514	525	511
%chg	4%	4%	8%	8%	6%
2004	570	508	538	583	550
%chg	13%	1%	5%	11%	8%
2005	567	512			
%chg	-0%	1%			
Trimming					
Year/Month	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2002	381	375	343	340	360
2003	343	352	349	404	362
%chg	-10%	-6%	2%	19%	1%
2004	417	432	445	464	440
%chg	22%	23%	28%	15%	21%
2005	454	414			
%chg	9%	-4%			

Source: ALIC Monthly

Table 4. Australian Beef Exports to Japan

Metric Ton (On Board Vessel Basis)					
Annual	**2003**	**2004**	**% Chg**	**03 Share**	**04 Share**
	Jan/Dec	**Jan/Dec**	**Jan/Dec**	**Jan/Dec**	**Jan/Dec**
Chilled Beef	**148,697**	**207,839**	**40%**	**100%**	**100%**
Grass	62,849	79,335	26%	42%	38%
Grain fed	85,848	128,504	50%	58%	62%
Frozen Beef	**130,619**	**185,632**	**42%**	**100%**	**100%**
Grass	105,101	141,976	35%	80%	76%
Grain fed	25,518	43,656	71%	20%	24%
TOTAL	**279,316**	**393,471**	**41%**	**100%**	**100%**
Grass	167,950	221,311	32%	60%	56%
Grain fed	111,366	172,160	55%	40%	44%
Year to Date	**2004**	**2005**	**% Chg**	**04 Share**	**05 Share**
	Jan/July	**Jan/July**	**Jan/July**	**Jan/July**	**Jan/July**
Chilled Beef	**115,737**	**136,710**	**18%**	**100%**	**100%**
Grass	47,160	51,396	9%	41%	38%
Grain fed	68,577	85,314	24%	59%	62%
Frozen Beef	**110,964**	**111,381**	**0%**	**100%**	**100%**
Grass	86,826	83,134	-4%	78%	75%
Grain fed	24,138	28,247	17%	22%	25%
TOTAL	**226,701**	**248,091**	**9%**	**100%**	**100%**
Grass	133,986	134,530	0%	59%	54%
Grain fed	92,715	113,561	22%	41%	46%

Source: Meat Livestock Australia (MLA)

Table 5. Japanese Monthly Ending Beef Stock Estimates

Unit: Metric Ton (Carcass Equivalent)

	2002	2003	% Chg.	2004	% Chg.	2005	% Chg.
Jan.	193,831	133,924	-31%	92,816	-31%	85,716	-8%
Feb.	192,626	133,984	-30%	99,883	-25%	87,856	-12%
Mar.	188,636	138,349	-27%	95,441	-31%	91,827	-4%
Apr.	177,647	126,871	-29%	88,716	-30%	94,326	6%
May	172,891	122,140	-29%	84,867	-31%	104,870	24%
Jun.	171,276	115,050	-33%	83,976	-27%	107,107	28%
Jul.	161,564	125,347	-22%	89,974	-28%		

Aug.	158,119	114,453	-28%	95,267	-17%		
Sept.	160,770	113,511	-29%	94,473	-17%		
Oct.	146,539	117,189	-20%	90,754	-23%		
Nov.	144,354	119,547	-17%	91,279	-24%		
Dec.	128,636	109,487	-15%	89,390	-18%		
Source: ALIC Monthly Statistics							

Table 6-a. Japanese Chilled and Frozen Combined Beef Imports January – June 2005

Beef (Chilled and Frozen Combined)						
Unit: Metric Ton (Customs Clearance Basis)						
					% Change	%
Rank	Country	2003	2004	2005	- 05/04 -	- 05 Share -
		Jan/Jun	Jan/Jun	Jan/Jun	Jan/Jun	Jan/Jun
0	--World--	280,477	198,348	227,494	15%	100%
1	Australia	136,070	179,685	201,057	12%	88%
2	New Zealand	8,596	16,696	22,137	33%	10%
3	Mexico	0	228	2,671	1074%	1%
4	Chile	0	247	1,314	432%	1%
5	Vanuatu	288	204	183	-10%	0%
6	Costa Rica	0	0	83	#DIV/0!	0%
7	Panama	0	0	49	#DIV/0!	0%
8	Others	135,523	1,288	0	-100%	0%
Product HS Code: HS 0201, HS 0202						
Source of data: Japan Customs (World Trade Atlas)						

Table 6-b. Japanese Chilled Beef Imports January – June 2005

Chilled Beef						
Unit: Metric Ton (Customs Clearance Basis)						
					% Change	%
Rank	Country	2003	2004	2005	- 05/04 -	- 05 Share -
		Jan/Jun	Jan/Jun	Jan/Jun	Jan/Jun	Jan/Jun
0	--World--	138,281	92,495	112,138	21%	100%
1	Australia	75,795	90,627	109,010	20%	97%
2	New Zealand	1,401	1,794	2,139	19%	2%
3	Mexico	0	74	978	1231%	1%
4	Chile	0	0	10	#DIV/0!	0%
5	United States	58,821	0	0	#DIV/0!	0%
6	Others	2,264	0	0	#DIV/0!	0%

Product HS Code: HS 0201
Source of data: Japan Customs (World Trade Atlas)

Table 6-c. Japanese Frozen Beef Imports January – June 2005

Frozen Beef						
					Unit: Metric Ton (Customs Clearance Basis)	
					% Change	%
Rank	Country	2003	2004	2005	- 05/04 -	- 05 Share -
		Jan/Jun	Jan/Jun	Jan/Jun	Jan/Jun	Jan/Jun
0	--World--	142196	105853	115356	9%	100%
1	Australia	60275	89058	92047	3%	80%
2	New Zealand	7195	14902	19998	34%	17%
3	Mexico	0	154	1693	999%	1%
4	Chile	0	247	1303	428%	1%
5	Vanuatu	288	204	183	-10%	0%
6	Costa Rica	0	0	83	#DIV/0!	0%
7	Panama	0	0	49	#DIV/0!	0%
8	United States	69239	1276	0	-100%	0%
9	Nicaragua	0	13	0	-100%	0%
10	Others	5199	0	0	#DIV/0!	0%
Product HS Code: HS 0202						
Source of data: Japan Customs (World Trade Atlas)						

Table 6-d. Japanese Imports of Processed and Prepared Beef Products January – June 2005

Prepared and Processed Beef Products						
					Unit: Metric Ton (Customs Clearance Basis)	
					% Change	%
Rank	Country	2003	2004	2005	- 05/04 -	- 05 Share -
		Jan/Jun	Jan/Jun	Jan/Jun	Jan/Jun	Jan/Jun
0	--World--	5,464	5,199	10,426	101%	100%
1	China	312	703	4,376	523%	42%
2	Australia	1,639	3,289	3,715	13%	36%
3	Brazil	303	519	1,192	129%	11%
4	New Zealand	582	613	575	-6%	6%
5	Thailand	53	27	339	1149%	3%
6	Argentina	9	27	210	669%	2%
7	Others	2,567	20	20	-2%	0%
Product HS Code: HS 0210.20 and HS 1602.50						

Source of data: Japan Customs (World Trade Atlas)

Table 7-a. Japanese Beef Imports CY 2004

Beef Imports (Chilled and Frozen Combined)						
				Unit: Metric Ton (Customs Clearance Basis)		
					% Change	
Rank	Country	2002	2003	2004	- 04/03 -	- 05 Share
		Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec
0	--World--	486,741	576,083	431,818	-25%	100%
1	Australia	230,499	283,698	394,068	39%	91%
2	New Zealand	10,307	17,071	33,569	97%	8%
3	Mexico	7	0	1,772	820076%	0%
4	United States	226,518	267,277	1,276	-100%	0%
5	Chile	10	0	665	146440%	0%
6	Vanuatu	309	573	448	-22%	0%
7	Nicaragua	0	0	13	#DIV/0!	0%
8	Costa Rica	0	0	4	#DIV/0!	0%
9	Panama	0	0	3	#DIV/0!	0%
10	Others	19,091	7,463	0	-100%	0%
Product HS Code: HS 0201, HS 0202						
Source of data: Japan Customs (World Trade Atlas)						

Table 7-b. Japanese Imports of Processed and Prepared Beef Products CY 2004

Prepared and Processed Beef Products						
				Unit: Metric Ton (Customs Clearance Basis)		
					% Change	
Rank	Country	2,002	2,003	2,004	- 04/03 -	- 04 Share -
		Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec
0	--World--	8,939	15,032	16,223	8%	100%
1	Australia	1,994	5,426	8,299	53%	51%
2	China	656	705	4,240	501%	26%
3	Brazil	690	773	1,875	142%	12%
4	New Zealand	1,235	980	1,105	13%	7%
5	Argentina	57	45	164	261%	1%
6	Thailand	102	107	488	355%	3%
7	Others	4,206	6,995	51	-99%	0%
Product HS Code: HS 0210.20 and HS 1602.50						
Source of data: Japan Customs (World Trade Atlas)						

Table 8. Japanese Cattle Inventory

(As of February 1st each year)							
							Unit: 1,000 Heads
	2002	2003	%chg	2004	%chg	2005	%chg
Number of Beef Cattle Farms	104.2	98.1	-6%	93.9	-4%	89.6	-5%
Number of Dairy Farms (Female)	31.0	29.8	-4%	28.8	-3%	27.7	-4%
1. Total Beef Breed (Wagyu and Other)	1,711	1,705	-0%	1,708	0%	1,697	-1%
Dairy Breed for Beef (Holstein)	483	471	-2%	471	0%	471	-0%
F-1 Cross Breed (Wagyu and Holstein Cross)	644	630	-2%	609	-3%	579	-5%
2. Sub Total Dairy & F-1 Cattle for Beef	1,127	1,101	-2%	1,080	-2%	1,049	-3%
Total Cattle Raised for Beef (1 and 2)	**2,838**	**2,805**	**-1%**	**2,788**	**-1%**	**2,746**	**-2%**
Total Dairy Cow and Heifer Raised	**1,726**	**1,719**	**-0%**	**1,690**	**-2%**	**1,655**	**-2%**
All Cattle Raised for Beef and Dairy	**4,564**	**4,524**	**-2%**	**4,478**	**-2%**	**4,401**	**-4%**
Source: MAFF							

Table 9. Japanese Average Feeder Calf Auction Price by Breed

Black Wagyu (Steer and Heifer)					
Fiscal Year	**Marketing**	**Auction Ave.**	**Ave. Weight**	**Ave. Age.**	**Price Per Kg.**
	Head	**1,000 Yen/Head**	**Kg.**	**Days**	**Yen**
JFY 2000	360,343	388	279	294	1,390
JFY 2001	349,685	334	275	290	1,213
% Chg.	-3%	-14%	-1%	-1%	-13%
JFY 2002	370,708	381	272	289	1,406
% Chg.	6%	14%	-1%	0%	16%
JFY 2003	366,797	415	273	286	1,522
% Chg.	-1%	9%	0%	-1%	8%
JFY 2004	357,990	459	272	285	1,687
% Chg.	-2%	11%	0%	0%	11%
Year to Date					
04 Apr/Jun	91,984	440	277	288	1,586
05 Apr/Jun	92,744	465	276	287	1,682
% Chg.	1%	6%	0%	0%	6%
Holstein (Steer and Female)					
	Marketing	**Auction Ave.**	**Ave. Weight**	**Ave. Age.**	**Price Per Kg.**
Fiscal Year	**Head**	**1,000 Yen/Head**	**Kg.**	**Days**	**Yen**
JFY 2000	16,381	88	262	217	340
JFY 2001	15,415	70	271	222	259
% Chg.	-6%	-20%	3%	2%	-24%
JFY 2002	17,348	69	267	221	258
% Chg.	13%	-1%	-1%	0%	0%
JFY 2003	18,303	54	272	228	199
% Chg.	6%	-22%	2%	3%	-23%
JFY 2004	18,879	68	267	231	253
% Chg.	3%	26%	-2%	1%	27%
Year to Date					
04 Apr/Jun	5,140	68	275	231	249
05 Apr/Jun	5,021	85	261	227	324
% Chg.	-2%	24%	-5%	-2%	30%
F1 Cross Breed (Steer and Heifer)					
	Marketing	**Auction Ave.**	**Ave. Weight**	**Ave. Age.**	**Price Per Kg.**
Fiscal Year	**Head**	**1,000 Yen/Head**	**Kg.**	**Days**	**Yen**
JFY 2000	79,847	186	269	250	693
JFY 2001	72,512	158	271	253	582

% Chg.	-9%	-15%	1%	1%	-16%
JFY 2002	79,714	195	270	250	725
% Chg.	10%	23%	0%	-1%	25%
JFY 2003	74,388	210	275	254	766
% Chg.	-7%	8%	2%	2%	6%
JFY 2004	78,702	228	276	254	826
% Chg.	6%	9%	0%	0%	8%
Year to Date					
04 Apr/Jun	20,487	225	278	253	810
05 Apr/Jun	21,152	244	277	254	879
% Chg.	3%	8%	0%	0%	9%
Note: F1 Cross Breed: Wagyu crossed with Holstein cow.					
Source: ALIC Monthly Statistics					

Pork Section

2006 Pork Market Outlook

Pork Consumption and Imports Projected Lower in 2006

As mentioned in the beef section, overall beef supply situation is expected to continue to be tight in 2006. This acute shortage has particularly affected the food service sector, especially in regards to beef bowl, barbecue and prepared and ready-to-eat foods, which are normally major end users of U.S. beef. Many of these end-users have been compelled to switch to Aussie beef, pork, poultry meat, fish or lamb in order to develop alternative dishes. This switch has particularly created a large, although probably temporary, demand for imported pork.

Assuming that U.S. and Canadian beef imports are not resumed, the outlook for 2006 calls for the higher than average pork demand to continue. However, increased availability of Aussie and New Zealand beef, a slightly weaker household and the food service demand for pork due to a shift back to beef are likely to trim Japan's pork demand in the coming year. In light of the above, Japan's total pork consumption in 2006 is projected at slightly lower levels compared to the previous year at 2.485 million MT. The total imports are also projected lower 2006 than the previous year at 1.235 million MT (down 2% for generic pork at 1.150 million MT and up 20% for prepared and processed products at 85,000 MT).

Prospects Look Good for US and Canadian Seasoned Pork in 2006

The U.S. and Canada are key suppliers of seasoned ground pork (HS 1602.42.090), which is under a simple ad valorem of 20% (Outside of the pork differential duty system) (See table 14-a and 14-b). Imported seasoned ground pork is used to manufacture sausages for the value segment of the market. These imports are expected to grow in 2006, partly as a result of recent scandals related to the pork differential duty system (See 2005 situation update and outlook section for details).

Reasonable Trigger Levels Likely Keep Pork SG Remote in JFY 2006

For the first time in five years, the pork safeguard (1st quarter, JFY 2005) did not trigger as a result of a slowing of import growth. Assuming that this trend continues, Japan's quarterly pork imports should regularize with the removal of the incentive for importers to maintain abnormally high levels of the frozen stocks (See more details in 2005 Situation Update and Outlook Section). On a preliminary basis, the JFY 2006 first quarter trigger level (06 April and 06 June) is calculated at 335,369 MT, which is well above the JFY 2005 first quarter trigger level and probably above the anticipated imports for the time period (See table 10).

Note: Pork safeguard trigger levels are calculated at 19% above the average imports (chilled and frozen pork combined) of three preceding years, on quarterly basis. For example, the first quarter JFY 2006 trigger level is derived by averaging imports of Q1/03, Q1/04 and Q1/05 of the Japanese fiscal year. The result is then multiplied by 1.19. Imports are considered to be cumulative for each successive quarter during the Japanese fiscal year.

Lower Domestic Pork Outputs Forecast in 2006

Domestic production in 2006 is projected to be slightly lower than last year's levels at 1.24 million MT reflecting smaller sow numbers. Despite a favorable price situation that has prevailed for the last several years, a continued reduction of swine farmers, particularly family farms, is expected. This decline is chiefly caused by the increasing number of aging farmers and the difficulty these farmers are having in finding successors as they retire. This trend is offset somewhat by an anticipated increase in production by larger scale operations, which are more capable of coping with stricter environmental controls.

Table 10. Japanese Pork Safeguard Monitor

Pork Safeguard Trigger Levels and Actual Imports in JFY 2005 (05 April – 06 March)					
			Unit: Metric Ton (Customs Clearance Basis)		
	Trigger Level	Cum. Total	April	May	June
	Quarterly Cum.	Actual Entry			
I (Apr. – Jun.)	307,305	288,909	139,203	86,343	63,363
			July	August	September
I - II (Apr. – Sept.)	549,947		0	0	0
			October	November	December
II - III (Apr. - Dec.)	758,902		0	0	0
			January	February	March
III - IV (Apr. - Mar.)	953,153		0	0	0
Source: Ministry of Finance (ALIC Monthly)					

2005 Situation Update and Outlook

Heated Market Situation for Pork Began Cooling Down in 2005

Revised swine and pork PS&D figures for CY 2005 are constructed based on preliminary production, trade and stock data for June – January 2005.

In 2004, mainly due to the import ban on U.S. beef and broiler meat from key suppliers due to animal diseases (BSE and bird flu), the Japanese pork market enjoyed an unusually high demand with record level imports, high levels of domestic pork production, high prices. However, the quarterly import surge also resulted in the triggering of the pork safeguard and high year ending stocks.

In 2005, this heated situation for pork has started to cool, reflecting overall slow down in consumption, reduced imports and lower stocks compared to 2004. Higher than average consumption is expected to continue throughout the year. However, the market in the first half of 2005 began to slow due to the increased supplies from 2004 as well the consumers return to (imported) beef and to broiler meat (particularly household consumption) mainly because of their increased supplies (See table 2).

High Level Total Pork Consumption and Imports to Eclipse in 2005

In light of the shift back to beef and chicken described above, Japanese total domestic pork consumption (PS&D) in 2005 is projected to drop by 2 % to 2.521 million MT. Total annual imports, including prepared and processed products, are projected to drop by 4% to 1.243 million MT (1.172 million MT for chilled and frozen pork and 71,000 MT for prepared and processed products.

For January – June 2005, on a customs clearance basis (Product Weight), imports of generic pork (chilled and frozen combined) were down by 6% from the year before to 458,592 MT Specifically, chilled pork fell 5% to 92,237 MT and frozen pork fell 6% to 366,355 MT (See table 13-a, 13-b and 13-c). In the chilled pork category, imports from the U.S. for the same period claimed 72% of the chilled total, but dropped 4% to 66,273 MT probably because of a slow down in pork consumption in the retail sector (See table 13-b). In the frozen pork category, imports from Denmark, the largest frozen pork supplier to Japan, tumbled 24% from the year before to 116,902 MT, mainly affected by sluggish consumption of processed products and ample monthly frozen stocks available though June. However, U.S. frozen pork imports increased 24% from the year before to 91,667 MT reflecting solid demand for frozen loin cuts (for pork cutlets etc.) and picnic (for sausage) (See table 13-c). The above trend is expected to continue through the second half of 2005.

Imports of Some Prepared Products and Sausage from China to Grow in 2005

Japan's imports of prepared and processed pork products are expected to grow in 2005. In this category of trade, the first half 2005 imports (HS 0210.11, HS 0210.12, HS 0210.19, 1602.41, 1602.42), on customs clearance basis (PWE), rose 28% to 26,029 MT compared to the same period last year (see 14-a and 14-b). Increased seasoned ground pork imports under HS 1602.42.290 accounted the majority of the above increase, with the U.S. and Canada being two key suppliers. Solid demand for such product as a raw material for pork sausages will likely be sustained through 2006, partly helped by a simple tariff ad valorem rate of 20% for HS 1602.42.290 (not under the differential duty system).

In addition, products in two other product HS categories are growing fast: HS 1602,49.290 – Prepared products using other than shoulder and ham (ad valorem tariff rate of 20%), and HS 1601.10 – sausage (ad valorem tariff rate of 10%). (Note that these imports are not included in PS&D, but will be reported in narratives and separate tables in the future.)

The growing demand in the ready-to-eat market is expected to result in an increase in the import of prepared products (HS 1602.49.290 – Prepared products using other than shoulder and ham) from Asia (mainly China), assuming that the product can meet Japan import requirements and that HAACP control concerns are resolved. Japanese food companies have reportedly been investing in China and other Asian countries; either directly or as a joint venture with local companies in order to build a manufacturing base for value added products. According to a trade press, frozen breaded cutlets, skewered on a bamboo stick, pork beans and pork curry and some products mixed with vegetables (cooked products) are being fabricated in China. For January – June 2005, imports under this product category reached 31,777 MT (PWE), up 14 % compared to the first half of last year. China's import share increased 30%, accounting for over 60% of the imports of prepared product.

Also, another import from China of interest is sausage (HS 1601.01) (Not included in the PS&D). Japanese ham and sausage manufacturing companies are reportedly planning to shift some of their domestic production to China and other countries in order to supply both these foreign and domestic markets. For January – June 2005, Japan's sausage product imports rose 20% to 15,693 MT compared to the same period last year. China claimed over 50% of the above HS total. With an attractive 10% low tariff, sausage imports from China are expected to grow in the future. This trend may eventually impact Japan's raw material frozen pork trade, which is constrained by the complex pork differential duty system.

Domestic Hog Slaughter to Fall in 2005

Reduced slaughter and production for the first half of 2005, which dropped 4% from last year, point to lower production levels of domestic pork than seen in 2004. Lower sow numbers (Preliminary 910,000 heads) at the beginning of the year and a forecast decline in monthly slaughter by MAFF suggest slightly lower pork production in the second half as well. Given the above, Japanese domestic pork production in 2005 is projected down by 2% to 1.250 million MT in 2005. In the first half, average wholesale hog carcass prices in Tokyo market were 484 yen per kilogram, down 2% for excellent grade and 445 yen per kilogram, up 3% for medium grade reflecting the sluggish sales in the retail sector (See table 11).

Pork SG Not Repeated for 5th Straight Year in JFY 2005

As mentioned in the previous section, April – June total pork imports were considerably below the JFY 2005 first quarter SG trigger level, which resulted in no pork safeguard from August 1, 2005 for the first time in last five years (See table 12). This is significant because monthly import levels should now become more consistent and stable for the rest of this year and most likely through 2006. At the same time, the abnormal quarterly surges and high year ending frozen stocks will likely decrease, partly owing to anticipated slow down of speculative purchases of frozen cuts (See the last section for more details).

In addition to the high trigger level for the first quarter JFY 2005 (05 April – 05 June), another significant factor that helped avoid the safeguard was a major crackdown by the GOJ on illegal pork trade. This crackdown reportedly slowed the speculative purchases of frozen pork by numerous brokers, which is thought to have played a role in the quarterly surges of imports and, ultimately, the triggering of the pork safeguard. The government continues to monitor the industry's compliance with the pork differential duty system. As a result, overall frozen pork imports are expected to slow as importers find it difficult to mix cuts without having to pay the differential duty.

GOJ Began Review of Pork Import Regime

The GOJ maintains a complex pork import regime or differential import duty system that is basically a minimum import price system with a gate price (524 Yen/$4.76 per kilo plus 4.3% specific duty for pork cuts, not carcass). There have been several public scandals recently when some companies have reportedly evaded the differential duty (an import tax equal to the difference between the gate price and the actual purchasing prices), by misrepresenting the purchase prices on import documents (invoice). Importers can legally mix relatively expensive frozen cuts (loins) with cheaper cuts (bellies and picnic etc.) in one consignment in order to raise the average price. However, when this average import price is still be below the gate price, some importers have illegally declared the purchase price just at the gate price (This way, importers will only pay 4.3% specific duty as their import value equal to the gate price. If the import value falls below the gate price, importers will have to pay the difference between the import value and the gate price plus 4.3%). The practice has also reportedly been employed by using middlemen and brokers when importing inexpensive raw material frozen cuts that are used domestically for manufacturing ham, bacon and sausages products.

Some in the Japanese pork industry have repeatedly identified this problem as creating a major distortion in supply and demand conditions. Speculative purchases by brokers and middlemen (partly facilitated by the illegal trade) have consistently caused a large influx of frozen cuts near the end of the quarter with cuts of less market demand remaining as stocks (JA 5002). According to trade sources, higher value cuts such as frozen loins (for loin roll ham and for food service cutlets menu etc.) tend to end up as surplus because of the practice of importing shipments of mixed high and low priced cuts in order to avoid paying the differential duty.

Industry data show that a total of 424,166 MT of imported frozen boneless pork cuts were used for loin-roll ham, bacon and sausage manufacturing in 2004. Of the above total, 343,820 MT, or 81%, were imported raw material cuts, showing very high reliance on Japanese ham and sausage manufacturers on imports.

Several times this year, the opposition parties in the Diet publicly raised several scandals involving individual companies that had been caught improperly importing pork and evading import taxes. As a result, the GOJ began to look into the problem and has called for stricter compliance from the industry. In addition, MAFF has reportedly started to conduct hearings among all concerned parties such as domestic producers, the meat industry and feed companies to determine how the system can be improved. Reportedly, the participants were at odds with the industry preferring a simple ad valorem or duty system based on weight while the producers claimed that system would work if the GOJ would stop the illegal activity and if importers would comply with the existing regulations. MAFF has not announced any conclusions from these meetings, but the MAFF minister did announce to the press that Japan's pork import system be discussed at WTO talks.

Table 11. Quarterly Average Wholesale Price of Domestic Pork Carcass

Domestic Carcass by Meat Grade (Tokyo Market)					
					Unit: Yen per Kilogram
Excellent Grade					
Year/Month	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2002	498	559	510	396	491
2003	413	460	426	397	424
% chg	-17%	-18%	-16%	0%	-14%
2004	498	487	523	424	483
% chg	-17%	6%	23%	7%	14%
2005	472	496			
% chg	-5%	2%			
Medium Grade					
Year/Month	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Yearly Ave.
2002	459	525	469	355	452
2003	362	408	359	332	365
% chg	-21%	-22%	-23%	-7%	-19%
2004	438	427	465	381	428
% chg	21%	5%	29%	15%	17%

2005	426	464			
% chg	-3%	9%			
Source: MAFF Meat Statistics, ALIC Monthly Statistics					

Table 12. Japanese Monthly Pork Stock Estimates

Unit: Metric Ton (Carcass Equivalent)							
Month/Year	2002	2003	% Chg.	2004	% Chg.	2005	% Chg.
Jan.	187,276	210,374	12%	212,876	1%	242,553	14%
Feb.	196,929	209,909	7%	209,590	-0%	247,297	18%
Mar.	205,100	202,273	-1%	215,531	7%	253,109	17%
Apr.	220,861	239,071	8%	259,394	9%	300,199	16%
May	226,903	257,789	14%	295,539	15%	326,394	10%
Jun.	216,370	252,813	17%	315,399	25%	324,949	3%
Jul.	251,339	303,764	21%	334,969	10%		
Aug.	225,249	272,654	21%	304,363	12%		
Sept.	209,839	253,967	21%	273,546	8%		
Oct.	196,200	233,366	19%	244,701	5%		
Nov.	197,524	221,971	12%	225,691	2%		
Dec.	190,570	210,947	11%	222,780	6%		
Source: ALIC Monthly Statistics							

Table 13-a. Japanese Chilled and Frozen Combined Pork Imports January – June 2005

Pork (Chilled and Frozen Combined)						
Unit: Metric Ton (Customs Clearance Basis)						
					% Change	%
Rank	Country	2003	2004	2005	- 05/04 -	- 05 Share -
		Jan/Jun	Jan/Jun	Jan/Jun	Jan/Jun	Jan/Jun
0	--World--	383,610	486,936	458,592	-6%	100%
1	United States	133,724	142,589	158,040	11%	34%
2	Denmark	103,346	154,790	117,001	-24%	26%
3	Canada	88,244	104,332	109,995	5%	24%
4	Chile	12,033	20,555	23,067	12%	5%
5	Mexico	17,381	17,617	16,861	-4%	4%
6	Hungary	7,598	10,695	7,854	-27%	2%
7	Ireland	3,301	4,401	6,131	39%	1%
8	Austria	1,439	5,072	5,977	18%	1%
9	France	1,277	7,372	3,780	-49%	1%
10	Netherlands	4,967	6,827	2,972	-56%	1%

11	Others	10,300	12,686	6,916	-45%	2%
Product HS Code: HS 0203						
Source of data: Japan Customs (World Atlas)						

Table 13-b. Japanese Chilled Pork Imports January – June 2005

Chilled Pork						
Unit: Metric Ton (Customs Clearance Basis)						
					% Change	%
Rank	Country	2003	2004	2005	- 05/04 -	- 05 Share -
		Jan/Jun	Jan/Jun	Jan/Jun	Jan/Jun	Jan/Jun
0	--World--	87,383	97,225	92,237	-5%	100%
1	United States	59,408	68,791	66,373	-4%	72%
2	Canada	18,545	19,668	19,393	-1%	21%
3	Mexico	4,382	5,008	5,077	1%	6%
4	Australia	4,899	3,498	1,263	-64%	1%
5	Denmark	129	185	99	-46%	0%
6	Spain	6	22	23	5%	0%
7	France	0	3	5	86%	0%
8	Italy	0	21	2	-91%	0%
9	Chile	0	0	1	#DIV/0!	0%
10	Others	14	30	0	-100%	0%
Product HS Code: HS 0203.11, HS 0203.12 and HS 0203.19						
Source of data: Japan Customs (World Trade Atlas)						

Table 13-c. Japanese Frozen Pork Imports January – June 2005

Frozen Pork						
Unit: Metric Ton (Customs Clearance Basis)						
					% Change	%
Rank	Country	2003	2004	2005	- 05/04 -	- 05 Share -
		Jan/Jun	Jan/Jun	Jan/Jun	Jan/Jun	Jan/Jun
0	--World--	296,226	389,711	366,355	-6%	100%
1	Denmark	103,217	154,605	116,902	-24%	32%
2	United States	74,316	73,799	91,667	24%	25%
3	Canada	69,699	84,664	90,602	7%	25%
4	Chile	12,033	20,555	23,065	12%	6%
5	Mexico	12,999	12,609	11,783	-7%	3%
6	Hungary	7,598	10,695	7,854	-27%	2%
7	Ireland	3,301	4,401	6,131	39%	2%
8	Austria	1,439	5,072	5,977	18%	2%

9	France	1,277	7,370	3,775	-49%	1%
10	Others	10,347	15,942	8,599	-46%	2%
HS Product Code: HS 0203.21, HS 0203.22 and HS 0203.29						
Source of data: Japan Customs (World Trade Atlas)						

Table 13-d. Japanese Imports of Processed and Prepared Pork Products January – June 2005

Prepared and Processed Pork Products						
Unit: Metric Ton (Customs Clearance Basis)						
					% Change	%
Rank	Country	2003	2004	2005	- 05/04 -	- 05 Share -
		Jan/Jun	Jan/Jun	Jan/Jun	Jan/Jun	Jan/Jun
0	--World--	21,009	20,402	26,028	28%	100%
1	United States	13,455	11,911	13,610	14%	52%
2	Canada	4,030	3,196	5,504	72%	21%
3	China	1,902	3,603	4,281	19%	16%
4	Chile	0	3	745	23067%	3%
5	Denmark	684	476	688	45%	3%
6	Others	938	1,213	1,200	-1%	5%
Product HS Code: HS 0210.11, HS 0210.12, HS 0210.19, HS 1602.41 and HS 1602.42						
Source of data: Japan Customs (World Trade Atlas)						

Table 14-a. Japanese Chilled and Frozen Pork Combined Imports CY 2004

Pork (Chilled and Frozen Combined)						
Unit: Metric Ton (Customs Clearance Basis)						
					% Change	%
Rank	Country	2002	2003	2004	- 04/03 -	- 04 Share -
		Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec
0	--World--	777,582	752,601	863,801	15%	100%
1	Denmark	239,884	219,909	267,695	22%	31%
2	United States	248,867	245,428	256,110	4%	30%
3	Canada	179,117	166,604	184,916	11%	21%
4	Chile	21,586	28,189	38,954	38%	5%
5	Mexico	40,633	34,474	32,665	-5%	4%
6	Hungary	16,858	14,414	17,257	20%	2%
7	Netherlands	617	9,693	12,276	27%	1%
8	France	0	5,753	12,071	110%	1%
9	Austria	3,377	2,973	9,093	206%	1%
10	Others	26,642	25,165	32,765	30%	4%

HS Product Code: HS 0203
Source of data: Japan Customs (World Trade Atlas)

Table 14-b. Japanese Imports of Prepared and Processed Pork Products CY 2004

Processed and Prepared Pork Products						
						Unit: Metric Ton (Customs Clearance Basis)
					% Change	
Rank	Country	2002	2003	2004	- 04/03 -	- 04 Share -
		Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec
0	--World--	35,008	39,597	46,513	17%	100%
1	United States	22,101	24,329	24,601	1%	53%
2	China	3,357	4,406	8,965	103%	19%
3	Canada	7,142	7,350	9,033	23%	19%
4	Italy	830	959	933	-3%	2%
5	Spain	0	23	145	532%	0%
6	Australia	770	839	769	-8%	2%
7	Denmark	226	1,225	1,123	-8%	2%
8	Thailand	162	204	247	21%	1%
9	Others	420	263	696	164%	1%
HS Product Code: HS 0210.11, HS 0210.12, HS 0210.19, 1602.41, 1602.42						
Source of data: Japan Customs (World Trade Atlas)						

Cattle PS&D Table

Japan Animal Numbers, Cattle							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Total Cattle Beg. Stks	4478	4478	4420	4401	4370	4340	(1000 HEAD)
Dairy Cows Beg. Stks	936	936	930	910	0	900	(1000 HEAD)
Beef Cows Beg. Stocks	624	624	630	623	0	620	(1000 HEAD)
Production (Calf Crop)	1425	1425	1420	1375	0	1360	(1000 HEAD)
Intra EC Imports	0	0	0	0	0	0	(1000 HEAD)
Total Imports	21	22	20	22	0	22	(1000 HEAD)
TOTAL Imports	21	22	20	22	0	22	(1000 HEAD)
TOTAL SUPPLY	5924	5925	5860	5798	4370	5722	(1000 HEAD)
Intra EC Exports	0	0	0	0	0	0	(1000 HEAD)
Total Exports	0	0	0	0	0	0	(1000 HEAD)
TOTAL Exports	0	0	0	0	0	0	(1000 HEAD)
Cow Slaughter	574	574	560	560	0	550	(1000 HEAD)
Calf Slaughter	10	10	5	10	0	10	(1000 HEAD)
Other Slaughter	681	681	690	660	0	660	(1000 HEAD)
Total Slaughter	1265	1265	1255	1230	0	1220	(1000 HEAD)
Loss	239	259	235	228	0	225	(1000 HEAD)
Ending Inventories	4420	4401	4370	4340	0	4277	(1000 HEAD)
TOTAL DISTRIBUTION	5924	5925	5860	5798	0	5722	(1000 HEAD)
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0	(1000 HEAD)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 HEAD)

Beef PS&D Table

Japan Meat, Beef and Veal							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Slaughter (Reference)	1265	1265	1255	1230	0	1215	(1000 HEAD)
Beginning Stocks	110	110	90	90	89	90	(1000 MT CWE)
Production	513	513	505	500	0	495	(1000 MT CWE)
Intra EC Imports	0	0	0	0	0	0	(1000 MT CWE)
Total Imports	617	645	625	721	0	750	(1000 MT CWE)
TOTAL Imports	617	645	625	721	0	750	(1000 MT CWE)
TOTAL SUPPLY	1240	1268	1220	1311	89	1335	(1000 MT CWE)
Intra EC Exports	0	0	0	0	0	0	(1000 MT CWE)
Total Exports	0	0	0	0	0	0	(1000 MT CWE)
TOTAL Exports	0	0	0	0	0	0	(1000 MT CWE)
Human Dom. Consumption	1150	1178	1131	1221	0	1241	(1000 MT CWE)
Other Use, Losses	0	0	0	0	0	0	(1000 MT CWE)
TOTAL Dom. Consumption	1150	1178	1131	1221	0	1241	(1000 MT CWE)
Ending Stocks	90	90	89	90	0	94	(1000 MT CWE)
TOTAL DISTRIBUTION	1240	1268	1220	1311	0	1335	(1000 MT CWE)
Calendar Yr. Imp. from U.S.	1	1	0	0	0	0	(1000 MT CWE)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 MT CWE)

Swine PS&D Table

Japan Animal Numbers, Swine							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
TOTAL Beginning Stocks	9724	9724	9630	9600	9620	9600	(1000 HEAD)
Sow Beginning Stocks	918	918	915	915	0	900	(1000 HEAD)
Production (Pig Crop)	17230	17160	17220	17000	0	16920	(1000 HEAD)
Intra EC Imports	0	0	0	0	0	0	(1000 HEAD)
Total Imports	0	0	0	0	0	0	(1000 HEAD)
TOTAL Imports	0	0	0	0	0	0	(1000 HEAD)
TOTAL SUPPLY	26954	26884	26850	26600	9620	26520	(1000 HEAD)
Intra EC Exports	0	0	0	0	0	0	(1000 HEAD)
Total Exports	0	0	0	0	0	0	(1000 HEAD)
TOTAL Exports	0	0	0	0	0	0	(1000 HEAD)
Sow Slaughter	0	0	0	0	0	0	(1000 HEAD)
OTHER SLAUGHTER	16548	16578	16450	16300	0	16200	(1000 HEAD)
Total Slaughter	16548	16578	16450	16300	0	16200	(1000 HEAD)
Loss	776	706	780	700	0	720	(1000 HEAD)
Ending Inventories	9630	9600	9620	9600	0	9600	(1000 HEAD)
TOTAL DISTRIBUTION	26954	26884	26850	26600	0	26520	(1000 HEAD)
Calendar Yr. Imp. from U.S.	120	120	120	120	0	100	(HEAD)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(HEAD)

Pork PS&D Table

Japan Meat, Swine							
	2004	Revised	2005	Estimate	2006	Forecast	UOM
	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate[New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2004		01/2005		01/2006	MM/YYYY
Slaughter (Reference)	16548	16578	16450	16300	0	16200	(1000 HEAD)
Beginning Stocks	211	211	214	223	186	195	(1000 MT CWE)
Production	1271	1271	1260	1250	0	1240	(1000 MT CWE)
Intra EC Imports	0	0	0	0	0	0	(1000 MT CWE)
Total Imports	1302	1301	1325	1243	0	1235	(1000 MT CWE)
TOTAL Imports	1302	1301	1325	1243	0	1235	(1000 MT CWE)
TOTAL SUPPLY	2784	2783	2799	2716	186	2670	(1000 MT CWE)
Intra EC Exports	0	0	0	0	0	0	(1000 MT CWE)
Total Exports	0	0	0	0	0	0	(1000 MT CWE)
TOTAL Exports	0	0	0	0	0	0	(1000 MT CWE)
Human Dom. Consumption	2570	2560	2613	2521	0	2485	(1000 MT CWE)
Other Use, Losses	0	0	0	0	0	0	(1000 MT CWE)
TOTAL Dom. Consumption	2570	2560	2613	2521	0	2485	(1000 MT CWE)
Ending Stocks	214	223	186	195	0	185	(1000 MT CWE)
TOTAL DISTRIBUTION	2784	2783	2799	2716	0	2670	(1000 MT CWE)
Calendar Yr. Imp. from U.S.	393	401	393	393	0	379	(1000 MT CWE)
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0	(1000 MT CWE)